

Proven Programs Help U.S. Firms Begin or Expand Exports to China

by Craig Allen, Minister Counselor for Commercial Affairs
U.S. Commercial Service, U.S. Embassy Beijing



Doing business in China can be very profitable. In a 2005 American Chamber of Commerce survey of 450 U.S. companies doing business in China, two-thirds said their profitability in China exceeds or meets profitability rates of their global operations.

American companies looking to enter the Chinese market can easily become confused and frustrated, perceiving high barriers to entry in a country geographically larger than the United States. Where do you start? How do you find an agent or distributor? What are best market entry strategies? How do you protect intellectual property? What are risks of non-payment? How do you establish the *bonafides* of possible partners? What about language barriers?

In China, the U.S. Commercial Service of the U.S. Department of Commerce has an expert, on-the-ground staff of 116 in five major cities to help you address these issues. A new agreement with the China Council for the Promotion of International Trade (CCPIT) now makes our services available to U.S. firms in an additional 14 Chinese major cities, expanding our network to 19 offices to serve you.

You don't have to be a large company to successfully export to China. In fact, all Commercial Service programs are designed to meet the special needs of small and mid-sized manufacturers. You can test the Chinese market for your products without travel, spending a lot of money or investing excessive time or energy. Registering on the Commercial Service's Chinese language website of **Featured U.S. Exporters (FUSE)** <http://www.buyusa.gov/china/en/fuse.html> offers you a first introduction, *in Chinese*, to Chinese importers, agents or distributors. Currently, 360 U.S. companies are registered on the FUSE. This service is free, or \$50 with Chinese translation.

A long-proven market-entry vehicle is the Chinese-language **Commercial News USA** catalog-magazine, distributed bimonthly to 10,000 agents, distributors and buyers throughout China. Some 125 U.S. companies advertise their products and services in each edition. An ad costs from \$250 to several thousand dollars?

A wealth of free market research on the Commercial Service website, <http://www.export.gov/china>, includes regular updates on industrial sectors of greatest interest to American companies. Low-cost **Customized Market Research** tailored to your specifications can help you hone in on the facts you need on competitors, regulations, pricing or other market information.

Most American companies need an agent or distributor to begin selling into China. Our **International Partner Search** will provide you with a list of screened Chinese agents or

distributors who meet the criteria you specify, have reviewed your product literature, and are interested in representing you.

China is a large country, and most agents or distributors cover limited areas. If you wish to visit China or expand your sales into new provinces, the **Gold Key Service** can smooth the way by arranging appointments in any of the major Chinese cities. Embassy or CCPIT partners will use their knowledge of local markets to introduce you to carefully selected local and provincial companies, and assist with translators, hotels and vehicles.

Trade shows are a traditional market entry strategy for many firms, but the China exhibition industry is extremely fragmented and immature. How can you find the right show? The Commercial Service sponsors **American Pavilions in 32 of China's best trade shows** each year, reducing risk and ensuring excellent exposure for multiple industries.

Entering the China market need not be an exotic adventure. China has largely integrated into the global economy, and domestic market structures, while still quirky, are similar to those in other Asian countries. Using Commercial Service programs allows you to consult with on-the-ground experts to design and execute a market entry strategy that will work for you, reduce your risks and focus your efforts.

Take the first step: Contact your local Commercial Service office today <http://www.export.gov> for a free consultation to discuss your company's export potential in the world's fastest growing market.

Sidebar:

Sidebar: The Chinese Economy – a Growth Scenario

The Chinese economy has grown at an average annual rate of about 9 percent for the last 26 years. China's government anticipates 400 percent growth in its economy over the next 20 years, implying continued annual growth of at least 7.4 percent growth.

Growth in China is largely predicated on the external sector – trade and investment. China has become the world's third largest trading country, with trade currently equal to about 70 percent of GDP. Savings in China are about 42 percent of GDP, fueling robust investment in factories, infrastructure and real estate.

China's outsized growth has disrupted established business models throughout the world, including the United States. While competition from Chinese companies has undercut many American firms, other American companies are thriving due to China's unquenchable thirst for foreign products and services.